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Voluntary Public

Date: 5/14/2015

GAIN Report Number:

Ecuador

Post: Quito

Ecuador Extends Wheat Import Tariff Exemption until December 31, 2016

Report Categories:

Agriculture in the News

Grain and Feed

Trade Policy Monitoring

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Report Highlights:

Ecuador's Foreign Trade Committee (COMEX) [Resolution 012-2015](#) (March 19, 2015), grants variable duty exemption that had been set at four percent to wheat, wheat semolina, and wheat flour imports from all origins. Wheat and wheat products benefitting from the resolution include harmonized tariff system (HS) codes 1001.19.00.00, 1001.99.10.00, 1101.00.00.00, and 1103.11.00.00. Previously, COMEX Resolution 004-2015 (February 3, 2015) granted relief just from the 10 percent *ad-valorem* tariff. The resolutions extend through December 31, 2016. FAS Quito estimates that U.S. exports of wheat to Ecuador in CY 2015 will reach \$95 million.

General Information:

Ecuador's Foreign Trade Committee (COMEX) [Resolution 012-2015](#) (March 19, 2015), grants variable duty exemption that had been set at four percent to wheat, wheat semolina, and wheat flour imports from all origins. Wheat and wheat products benefitting from the resolution include harmonized tariff system (HS) codes 1001.19.00.00, 1001.99.10.00, 1101.00.00.00, and 1103.11.00.00. Previously, COMEX Resolution 004-2015 (February 3, 2015) granted relief just from the 10 percent *ad-valorem* tariff.

COMEX Resolutions 004-2015 and 012-2015 extend through December 31, 2016. U.S.-origin wheat exports to Ecuador in calendar year (CY) 2014 (January-December) reached a record \$91.4 million, up \$37 million or 68 percent compared to 2013. U.S. wheat shipments account for nearly 21 percent of our CY 2014 food and agricultural products trade with Ecuador.

Lower prices for U.S. wheat result in increased Ecuadorian import demand. U.S.-origin wheat is used for human consumption, as well as for the production of animal feed. FAS Quito estimates that U.S. exports of wheat to Ecuador in CY 2015 will reach \$95 million.

In the absence of the duty exemption, wheat imports are subject to both the *ad valorem* tariff and the Andean Price Band System (APBS) variable levy (four percent); the latter fluctuates based on international wheat prices. The variable levy is calculated by comparing international wheat prices with the Andean Community's (Bolivia, Colombia, Ecuador, and Peru) floor (threshold) and ceiling prices for wheat (currently set at \$316/metric ton and \$362/metric ton). Colombia and Peru discontinued the application of the APBS on U.S.-origin wheat imports once their free trade agreements with the United States went into effect. Sources indicate that there is no evidence that the APBS benefits either Ecuadorian wheat producers or local consumers.

FAS Quito forecasts Ecuador's wheat production in marketing year (MY) 2015/16 (July-June) to reach 5,000 metric tons (MT), down about 1,000 MT from the MY 2014/15 estimate of 6,000 metric tons (see, [GAIN Ecuador Grain and Feed Annual 2015](#)). Ecuador is an insignificant producer of wheat and is dependent on foreign imports. Local wheat production covers less than one percent of Ecuador's human consumption and the animal feed industry's demand.

FAS Quito and the U.S. Wheat Associates provide Ecuadorian wheat millers with capacity building assistance. Local millers benefit from training on the quality advantages of U.S.-origin wheat and its proper usage.